

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6932

BILL NUMBER: HB 1225

NOTE PREPARED: Jan 6, 2012

BILL AMENDED:

SUBJECT: Septic tanks and sewer systems.

FIRST AUTHOR: Rep. Lehman

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill defines the term “sewage disposal system” to include septic tanks, soil absorption systems, holding tanks, cesspools, and privies. The bill provides that a not-for-profit sewer utility (sewer utility) may require a property owner to discontinue use of a sewage disposal system and connect to the sewer utility's sewer system only if the sewage disposal system is failing. (Under current law, a property owner is exempt from connecting to a sewer system if the source of the sewage is more than 500 feet from the connection point or if the property owner's septic tank soil absorption system is less than ten years old and satisfies other conditions.) The bill also requires the sewer utility to give the property owner 180 days to repair or replace the sewage disposal system.

The bill provides that the governing board of a sewer utility or a regional sewage district (district) must be elected. It provides for the transition from an appointed to an elected governing board.

The bill permits a property owner who connects to a sewer system to provide labor and materials to accomplish the connection.

The bill provides that a district board may consider the need for a minimum service charge, rather than a flat connection charge, when determining rates and charges. It authorizes a board to exercise reasonable discretion in temporarily adjusting fees to reflect a user's nonuse of water, sewer, or solid waste services. It also provides that a board may bill and collect rates and charges only for services actually provided.

The bill requires that a complaint to a health officer regarding conditions that may transmit, generate or maintain any conditions that may transmit, generate, or promote disease must be documented to include the name, address, and telephone number of the person making the complaint. The bill provides that the health

officer must provide a copy of the complaint to the person who is the subject of the complaint.

The bill requires a health officer to verify the existence of unlawful conditions that transmit, generate, or promote disease before ordering their abatement.

The bill provides that a person who provides false information to a health officer commits a Class B misdemeanor.

The bill also specifies certain systems appurtenant to private residences to which a county ordinance imposing building standards does not apply.

It makes technical corrections.

Effective Date: July 1, 2012.

Explanation of State Expenditures: In the event that IDEM determines that local governmental units have not developed plans that provide for adequate wastewater treatment, the bill requires that IDEM must hold a public hearing before requiring the local government units to establish or join a regional sewage district. Cost to the IDEM would depend on individual circumstances and the number of public hearings to be held.

Explanation of State Revenues: *Penalty Provision:* The bill establishes a Class B misdemeanor; knowingly or intentionally providing false information upon which a health officer relies in issuing an abatement order. If additional court cases occur and fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class B misdemeanor is \$1,000. However, any additional revenue would likely be small.

Explanation of Local Expenditures: *Elected Trustees:* County election officials would need to add the names of the trustee members to the ballot. There would be a minimal increase in ballot printing costs in counties with optical scan voting systems. Counties with direct recording electronic voting systems would be able to input the office into the system without additional expense. (This provision would also eliminate appointed trustees that represent affected state correctional facilities and Department of Natural Resources properties and facilities.)

Appurtenances Excluded from County Building Ordinances: The provision has no fiscal impact.

Penalty Provision: A Class B misdemeanor is punishable by up to 180 days in jail.

Local Health Officer Complaint Process: The bill requires that local health departments document each complaint of unlawful conditions to include specific details to allow a department to verify the existence of conditions that are the subject of the complaint. The bill further specifies that identifying information of the person making the complaint may be provided to the person who is the subject of the complaint. This provision may reduce the number of unlawful conditions that may be investigated by a local health department due to a person's reluctance to file a complaint.

Explanation of Local Revenues: *Connecting to Sewer Systems:* The proposal could decrease the number of property owners who connect to a sewer system. A decrease in the number of owners who connect would reduce the amount of revenue generated for the sewer district. The specific impact is indeterminable.

Appurtenances Excluded from County Building Ordinances: The provision may have an indeterminate impact on permit revenue.

Penalty Provision: If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, any change in revenue would likely be small.

Rate Charges: Adjusting or changing rates would have an impact on the amount of revenue generated for the district. The impact will depend on local circumstances and action.

State Agencies Affected: IDEM, Indiana State Department of Health.

Local Agencies Affected: Counties, regional sewer districts, local health departments, trial courts, local law enforcement agencies.

Information Sources:

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